



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Transportation and Communication

The American Railroad Problem, a Study in War and Reconstruction.

By I. LEO SHARFMAN. (New York: The Century Company. 1921. Pp. ix, 474. \$3.00.)

After a brief review of the conditions under which railroads were constructed, operated, and regulated prior to the Great War, Professor Sharfman develops in great detail and with illuminating comment the difficulties under which the railroads operated under private management during the first year of the war; the problems confronting the government in its operation during the war, and the way the difficulties were met. Then follows a discussion of the essential elements underlying a reconstructive policy, with an analysis of the Transportation act of 1920.

There are three outstanding features in his review: first, a just appreciation of the importance of the labor problem in solving the railroad problem; secondly, the development of the fundamental problem of the relation of rates and finance to service, the ultimate function of transportation; and thirdly, the tendency of regulation as it becomes more extended to usurp the functions of railroad management, with the result of a tendency towards unification of practices and perhaps the eventual nationalization of railroads.

The discussion of labor is the most important contribution to the subject of railroad adjustments. The author very rightly calls attention to the fact that the labor problem has not received the attention which it ought to receive in working out any constructive program of regulation. The problem of labor was thrust upon the Railroad Administration at the outset, and the author gives a very interesting and, on the whole, accurate account of the part which labor played during government control. No function of the Railroad Administration has been more criticised than its handling of the labor problem. The writer shows, however, that the wage advances were practically all determined by an independent wage board, of which Secretary Lane was chairman. It is not the basic rate of wages which has come in for the greatest amount of criticism, but rather the so-called national agreements regulating the conditions of labor. Many of the agreements with labor were unjustifiable, and were adopted under conditions which reflect little credit upon the Railroad Administration. The Administration was represented in its negotiations with the organizations by labor men, some of whom were on leave of absence from their brotherhoods. The point of view of management was not represented, and it is no wonder that labor got about what it wanted. The author makes no mention of this. The deceptive nature of the Adamson law and the circumstances under which it was enacted are treated altogether too

tenderly. The act purports to regulate the hours of service, whereas in fact it simply is a means of regulating wages. Even President Wilson attempted to defend it as an hours-of-service act. As a matter of fact it simply made eight hours as the basis for a day's pay.

The general treatment of the important place which the labor problem should have in any general regulatory system is most timely and the conclusions are wise. Labor must be treated fairly and there must be an opportunity to refer complaints to an independent tribunal. The greatest care and thought must be given to the organization of such a tribunal. With the establishment of a trusted and efficient labor board "the transportation workers must definitely accept the necessity of curtailing their absolute freedom of action in the railroad industry."

The second important feature which is developed was the inadequacy of regulation to establish the credit of the railroads prior to the passage of the Transportation act. Regulation has been repressive and corrective rather than constructive and helpful. To the extent that it was framed for the elimination of evils it has been successful; but it has offered nothing in the way of a constructive policy looking to the strengthening of service. The real problem, namely, that of the weak and the strong roads is fully developed and various remedies discussed, and the use of excess earnings of the strong roads to assist the weak roads is justified. The Transportation act is based upon this fundamental conception, but the business and traffic conditions have been so abnormal since its passage that its effectiveness has had no opportunity to be demonstrated.

The advocates of government operation will not be greatly displeased with the book, and somehow when one has finished reading it he has a feeling that it is not going to be long before the author becomes an advocate of nationalization of railroads. Apparently he is tending in this direction not because of any crude theory of the right of the public to operate its utilities, but by the logic of events. Competition is wasteful; competition has been tried but is gradually being restrained. With the gradual elimination of competition comes the necessity for stricter public supervision, so that now the regulatory bodies are becoming managers as well as regulators of railroads. The reason for private ownership is that better results are secured by the full operation of private initiative. By the extension of regulation private initiative is greatly lessened, and thus the principal reason for private operation becomes weaker and weaker. This is the language, too, of the railroad executive, who claims that he has no freedom of action; that his income is regulated by the public and that his expenses are largely regulated in the same way.

It is quite the trend of economic thought to favor the elimination of competition in the operation of public utilities. Unquestionably,

we desire monopoly in the telephone service and in the operation of localized utilities, but full appreciation is not given to the benefits of competition in transportation. If we can restrain destructive competition and at the same time maintain helpful competition, which is largely competition in service, we shall still give a field for the operation of private initiative. We should resolutely face the problem of strengthening private initiative, even if thereby we have to relax the rigors of public regulation. Professor Sharfman is quite right in pointing out the inevitable tendency towards nationalization and government operation unless something is done to increase the enterprise of the railroad managers.

The book deals with matters of railroad operation during the last few years presenting information which is not easily accessible, but more fundamental is the calm and thoughtful comment running through the entire historical development. The book is timely, adequate, and immensely helpful in comprehending our great railroad problem.

EDGAR J. RICH.

NEW BOOKS

- ATTERBURY, W. W. *Let railroad men run the railroad business.* (Philadelphia: Pennsylvania Railroad System. 1921. Pp. 14.)
- CLAPP, E. J. *Charleston port survey, 1921.* (New York: Author, 50 Vanderbilt Ave. 1921. Pp. 288.)
- GROENER. *Die Eisenbahn als Faktor der Politik.* (Stuttgart: Ferdinand Enke. 1921. Pp. 13. 3.60 M.)
- VON KIENITZ, R. *Technik und Rechtskunde in der Eisenbahnverwaltung.* (Berlin: Julius Springer. 1921. Pp. 30.)
- LANE, F. VAN Z. *Motor truck transportation. The principles governing its success.* (New York: N. Y. Univ. Press. 1921. Pp. 159. \$2.)
- McKAY, C. W. *Telephone rates and values.* (Boston: Cornhill Pub. Co. 1921. Pp. 245.)
- MILLAUD, R. *Les chemins de fer.* (Paris: Hachette. 1921. Pp. 189.)
- OLARIAGA, L. *La cuestion de las tarifas y el problema ferroviario Español.* (Madrid: Calpe. 1921. Pp. 243.)
- OLDHAM, J. E. *A plan for railroad consolidations, including a discussion of their purpose and practicability.* (Chicago: Investment Bankers Assoc. of America. 1921. Pp. 64.)
- TOLLEY, H. R. and CHURCH, L. M. *Motor trucks on eastern farms.* Farmers' bull. 1201. (Washington: Dept. of Agriculture. 1921. Pp. 23.)
- WALDEN, C. F., compiler. *Freight traffic guide: compilation of the rules, regulations, laws, and practices which govern interstate transportation of freight, express, and parcel post.* (New York: Y. M. C. A. Press. 1921. Pp. xxxvi, 361.)
-
- _____. *Fundamentals of transportation.* (New York: Y. M. C. A. Press. 1921. Pp. xv, 157.)